

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF )	CASE NO.
U.S. 60 WATER DISTRICT )	2017-00432

ORDER

On November 13, 2017, U.S. 60 Water District (“U.S. 60”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

The Commission notes that in its 2016 Annual Report U.S. 60 reported a water loss of 12.3680 percent.<sup>2</sup> U.S. 60’s application provides updated purchases and sales information for a more current period than the 2016 Annual Report. Commission regulation 807 KAR 5:066(6)(3) states that for ratemaking purposes a utility’s unaccounted-for water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2016 Annual Report,<sup>3</sup> U.S. 60’s unaccounted-for water loss is determined to be 17.4780 percent for the updated period.<sup>4</sup>

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<sup>1</sup> KRS 278.015; 807 KAR 5:068.

<sup>2</sup> Annual Report of U.S. 60 Water District to the Public Service Commission for the Calendar Year Ended December 31, 2016 (“Annual Report”) at 56.

<sup>3</sup> 2016 Annual Report, line 21, divided by line 4, (14,553 divided by 177,782) equals 8.1859 percent.

<sup>4</sup> Total Purchases (application PWA Form 1 at 2)	184,118,600
Less Total Sales (application PWA Form 1 at 2)	136,859,000
Less plant use (% determined from 2015 AR)	<u>15,079,314</u>
Water loss - gallons	32,180,286
Water loss - percent	17.4780

Reduction of U.S. 60's unaccounted-for water loss to 15 percent would result in an approximate \$11,629<sup>5</sup> decrease to purchased water expense. Potentially, U.S. 60 is paying \$0.08 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent<sup>6</sup> threshold.

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages U.S. 60 to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by U.S. 60 to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. U.S. 60 purchases water from Frankfort Electric & Water Plant Board ("Frankfort") and Shelbyville Municipal Utilities ("Shelbyville").
2. Frankfort, pursuant to a previous Commission Order, will increase its rate to U.S. 60 effective November 1, 2017, from \$2.45 per 1,000 gallons to \$2.55 per 1,000 gallons.<sup>7</sup> U.S. 60 proposed to increase the water rates to its customers effective November 12, 2017, to reflect the increased cost of purchased water.
3. U.S. 60, in its application, proposed a purchased water adjustment factor of \$0.14 per 1,000 gallons.

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<sup>5</sup> Water loss above 15 percent is 2.4780 percent, Potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$11,629

<sup>6</sup> Potential purchased water expense reduction divided by sales (\$11,629/(136,859,000/1,000)) equals \$0.08/1,000.

<sup>7</sup> See Case No. 2014-0254, *Proposed Adjustment of the Wholesale Water Service Rates of Frankfort Electric and Water Plant Board*, Parties Joint Settlement Stipulation and Recommendation (filed Oct. 10, 2014).

4. During the 12 months ended September 30, 2017, U.S. 60 purchased 183,798,700 gallons of water from Frankfort and 319,900 gallons from Shelbyville. During the same period, U.S. 60 sold 136,859,000 gallons of water. The increase in the cost of purchased water is \$18,379.87, resulting in a purchased water adjustment factor of \$0.14 per 1,000 gallons.

5. The purchased water adjustment factor proposed of \$0.14 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. U.S. 60's proposed rates, as set forth in Appendix B to this Order, are fair, just, and reasonable and should be approved for water service rendered by U.S. 60 on and after November 12, 2017.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.14 per 1,000 gallons is approved.

2. The rates as set forth in Appendix B to this Order are approved for water service rendered by U.S. 60 on and after November 12, 2017.

3. Within 20 days of the date of this Order, U.S. 60 shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

By the Commission

ENTERED  
DEC 08 2017  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director *for Queen Pinnon*

Case No. 2017-00432

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
 COMMISSION IN CASE NO. 2017-00432 DATED **DEC 08 2017**

	New Rate	Base Rate
Frankfort		
Purchases in Gallons	183,798,700	183,798,700
Volumetric rate	<u>\$2.55/1,000</u>	<u>\$2.45/1,000</u>
	\$468,686.69	\$450,306.82
Shelbyville		
Purchases in Gallons	319,900	319,900
Volumetric rate	<u>\$1.894/1,000</u>	<u>\$1.894/1,000</u>
	\$605.90	\$605.90
Total Cost	\$469,292.59	\$450,912.72
Increased water cost		\$18,379.87
Increased water cost		\$ 18,379.87
Divided by Gallons sold/1,000		<u>136,859,000</u>
Purchased water adjustment factor		\$ 0.134
		or \$ 0.14 per 1,000
Gallons		

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2017-00432 DATED **DEC 08 2017**

The following rates and charges are prescribed for the customers in the area served by U.S. 60 Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### Monthly Rates

##### 5/8- X 3/4-Inch Meters

First 1,000 Gallons	\$14.28 Minimum Bill
Next 2,000 Gallons	7.83 Per 1,000 Gallons
Next 2,000 Gallons	6.57 Per 1,000 Gallons
Over 5,000 Gallons	5.96 Per 1,000 Gallons

##### 1-Inch Meters

First 5,000 Gallons	\$43.08 Minimum Bill
Over 5,000 Gallons	5.96 Per 1,000 Gallons

##### 2-Inch Meters

First 25,000 Gallons	\$162.28 Minimum Bill
Over 25,000 Gallons	5.96 Per 1,000 Gallons

##### Bulk User Rate

First 1,000 Gallons	\$4.12 Minimum Bill
Over 1,000 Gallons	4.12 Per 1,000 Gallons

##### Wholesale Water Rates

First 25,000 Gallons	\$162.28 Minimum Bill
Over 25,000 Gallons	5.96 Per 1,000 Gallons

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